

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA,	)
	) CR. NO. 03 - _____ -A
	)
	) Counts 1 - 26: Wire Fraud
vs.	) (18 U.S.C. 1343)
	)
	) Counts 27 - 28: False Claims
	) (18 U.S.C. 287)
	)
RUSSELL LEE EBERSOLE,	)
Defendant.	)

**INDICTMENT**

March 2003 Term - At Alexandria

**COUNTS 1 - 26**

(Wire Fraud)

THE GRAND JURY CHARGES THAT:

At times material to this Indictment:

**I. INTRODUCTION**

1. The defendant, **RUSSELL LEE EBERSOLE** (hereinafter, “EBERSOLE” or “the defendant”), of Hagerstown, Maryland, was the President and Director of a business known as “Detector Dogs Against Drugs and Explosives, Inc.” (hereinafter “DDADE”). Ebersole also was the owner of a

business known as Aberdeen Acres Pet Care Center (“Aberdeen Acres”) (also known as: Aberdeen Acres Training Facility, Aberdeen Acres Professional Pet Care Center, and Aberdeen Acres Canine Training Academy), located in Stephenson, Virginia.

2. DDADE was a privately-held Maryland corporation, located at 667 Walters Mill Lane, Stephenson, Virginia, 22656, which offered the services of drug and explosives detection dogs and handlers to its customers.

a. DDADE maintained a checking account, number 003920064356, at Bank of America.

b. DDADE also sold “dealerships” to individuals and businesses, purportedly under the terms of a document known as a “Dealership Master Agreement.” One business which purchased a DDADE dealership was a business known as “Search Dogs, Inc.,” of New Market, Maryland, which, at times thereafter, did business as “DDADE of Maryland.”

3. Aberdeen Acres was a pet boarding and training facility, co-located with DDADE at 667 Walters Mill Lane, Stephenson, Virginia, 22656.

4. The Bank of America maintained an account, sometimes referred to as a “Reserve Account,” at the Federal Reserve Bank of Richmond, located at 701 East Byrd Street, Richmond, Virginia, 23219, within the Eastern District of Virginia. Incoming and outgoing wire transfers, and transfers of funds using the “Automated Clearinghouse” network, involving the Bank of America accounts, including the

DDADE account referred to in paragraph 2. a., above, were routed through Bank of America's Reserve Account at the Federal Reserve Bank of Richmond.

5. The Bureau of Alcohol, Tobacco and Firearms ("BATF") was a federal agency within the United States Department of the Treasury. Pursuant to federal law, the BATF established a minimum scientific certification standard for explosives detection dogs, which was known as the Department of the Treasury Odor Recognition Proficiency Standard for Explosive Detection Canines (hereinafter, "the ATF Standard"). The ATF Standard employed an ATF-developed test, known as the Odor Recognition Proficiency Test (hereinafter, "the ATF Test") to determine, by a standardized method, whether a dog could successfully recognize the presence of explosives odors.

a. The ATF Test was given to dog and handler teams by an independent test administrator, and required the dog to identify ten different types of common explosives odors from samples secreted within thirty test containers. Non-explosive materials (*e.g.*, cosmetics, food items, *etc.*) were placed in some of the remaining containers, so as to provide "distractor" odors. Explosives odors used in the ATF Test included TNT, Dynamite and C-4. In order to pass the ATF Test, the dog had to successfully identify all ten explosives odors by exhibiting a positive response (*i.e.*, an "alert") on each. In addition, the dog was allowed a maximum of two alerts on non-explosive samples (*i.e.*, "false alerts" or "false positives"). Dogs passing the ATF Test were deemed to have met the ATF Standard.

6. The Virginia Department of Criminal Justice Services (hereinafter, “VADCJS”) was a department of the government of the Commonwealth of Virginia. Among other responsibilities, the VADCJS, through its Private Security Services Section, licensed and regulated businesses operating in the Commonwealth of Virginia which provided security canine services (*i.e.*, guard dog services) to customers. In addition, the VADCJS certified private security training schools involved in the training of guard dogs, such as Aberdeen Acres. However, the VADCJS did not license or regulate businesses, such as DDADE, which were involved in the provision of explosive ordnance detection (hereinafter, “EOD”) dog services, and did not certify businesses, such as DDADE, which purported to train EOD dogs and handlers. In addition, VADCJS did not approve the training procedures, and certification programs, of businesses which purported to train EOD dogs and handlers.

7. The North American Police Work Dog Association (“NAPWDA”) was a police work dog organization composed of regular members (*i.e.*, law enforcement officers) and associate members (*i.e.*, civilians) throughout the United States and several other countries. Its headquarters was in Perry, Ohio. Its mission was to assist police work dog teams by conducting in-service training workshops in various states. Among other services, the NAPWDA established a working standard for all police work dogs, handlers and trainers, and operated an accreditation program. Under the accreditation program, only a regular member

could be certified as a “Trainer” or “Master Trainer” of police work dogs and dog handlers. The NAPWDA did not sponsor competitions, and did not have judges.

8. The United States Police Canine Association (“USPCA”) was a police work dog association composed of full members (*i.e.*, law enforcement officers), associate members, special members, and honorary members throughout the United States. Its headquarters was in Springboro, Ohio. One goal of the USPCA was to establish a minimum working-standard for canines involved in police work. The USPCA hosted regional certification trials yearly, overseen by USPCA judges, at which police canines and handlers attempted to meet the organization’s performance requirements. Only full members the USPCA could be judges at such trials.

## **II. THE STATE DEPARTMENT CONTRACT**

9. The United States Department of State (hereinafter, “DoS”) was the department of the United States Government principally responsible for the formulation and execution of the foreign policy of the United States.

a. The DoS Headquarters building, known as the “Harry S Truman Building,” was located at 2201 C Street, N.W., Washington, D.C. It was an eight story building that encompassed one full city block. It housed the offices of the Secretary of State, and other senior departmental officials, and had a force of approximately eight thousand (8,000) people working in it.

b. Within the DoS, the primary organizational unit having responsibility for the physical security of, *inter alia*, the Harry S Truman Building was the

Bureau of Diplomatic Security, Office of Domestic Operations. However, in large measure, the DoS contracted for its domestic physical security services, including uniform guard services. Such contracts were administered collaboratively by the Bureau of Diplomatic Security and by other DoS offices involved in contract administration, including the DoS Office of Fiscal Operations, located at 1800 North Kent Street, Arlington, Virginia, within the Eastern District of Virginia. That latter office had responsibility for arranging payments to DoS contractors by, among other means, electronically providing payment instructions to the Financial Management Service, United States Department of the Treasury, in Kansas City, Missouri, which, in turn, would transfer funds to the invoicing contractor.

c. In 1997, DoS entered into a contract with a Pasadena, California, business known as Intercon Security Services, Inc. (hereinafter, "Intercon"), for physical security services. That contract required Intercon to provide, *inter alia*, uniformed guard services, but did not require Intercon to provide DoS with EOD dog services.

d. In late 1998, Intercon representatives began to anticipate that the DoS, in a follow-on security contract, would require the successful bidder to provide EOD dog services to the DoS. At around the same time, representatives of DDADE contacted Intercon, in an effort to pursue a business relationship with Intercon *vis-a-vis* the DoS contract. In that process, defendant EBERSOLE provided Intercon representatives with copies of certain certificates purporting to document that EBERSOLE was a "certified" bomb dog handler and handler

instructor (*i.e.*, a person who, by virtue of the certifications, was qualified to handle EOD dogs and train such dogs and the handlers of such dogs). EBERSOLE also told an Intercon representative that DDADE dogs were trained to, and could meet, the ATF Standard.

e. By 1999, DoS had decided to require EOD dog services as a part of its physical security contract, and issued a Request for Proposal (hereinafter, “RFP”) to that effect. In pertinent part, the RFP required as follows:

The dog shall be trained by competent professionals, maintain a calm temperament at all times and possess certificates of training equal to that of the [ATF Standard].

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Explosive detection canines should be able to recognize common explosives used by bombers today. The six mandatory explosives listed below in alphabetical order cover a range of common explosives.

Black Powder (free flowing, time fuse, or safety fuse)  
Double-base Smokeless Powder  
Dynamite (containing EGDN and NG)  
PETN-based Detonating cord  
RDX-based Detonating cord or C-4  
TNT[.]

\*\*\*\*

The dog shall be trained not to paw or retrieve an explosive device or chemical once it has been located; it must be trained to sit to alert the handler that he has located explosive materials.

10. In May 1999, as a part of the process by which it prepared its proposal in response to the RFP, Intercon considered using DDADE as a subcontractor. Thus, Intercon provided DDADE with a copy of the RFP described above, and, ultimately, agreed with DDADE that the latter would be a subcontractor to Intercon, and would provide EOD dog *training* services to Intercon (such as the training of dogs and handlers). It was understood, however, that the handlers were to be Intercon employees.

11. Eventually, in mid-September 2001, DoS awarded the new contract to Intercon, but did not activate the provision therein regarding EOD dog services.

12. Immediately after the events of September 11, 2001, DoS recognized an urgent need for EOD dog services at the Harry S Truman Building, and consulted thereon with Intercon. Intercon informed DoS that its subcontractor, DDADE, was prepared to provide such services immediately, and could supply both dogs and handlers (*n.b.*, the latter being DDADE employees). DoS agreed to that arrangement, and DDADE teams began work at the Harry S Truman Building on September 24, 2001. On September 27, 2001, defendant EBERSOLE provided Intercon with a written proposal regarding DDADE's provision of EOD dog services to the DoS. On October 4, 2001, Intercon provided that written proposal to a contracting official at the DoS. On October 17, 2001, the DoS Office of Acquisition issued a written purchase order to Intercon, number S-LMAQM, 02 M 0050, in the amount of \$67,980.00, for that service. Eventually,



DoS approved a purchase order modification which had the effect of expanding the scope of DDADE service to DoS.

13. On April 22, 2002, at the request of DoS personnel, officials of the BATF administered the ATF Test to six of the DDADE EOD dogs, which had been assigned by DDADE to work at the DoS. DDADE handlers who had worked at DoS participated in the test. All six of the DDADE EOD dogs failed the test. Immediately following the test, Intercon terminated its subcontract with DDADE.

14. Ultimately, DoS, through Intercon, paid DDADE a total of approximately \$212,752.50 for the EOD dog and handler services provided during the period September 2001 - April 2002.

### **III. THE FEDERAL RESERVE CONTRACT**

15. The Board of Governors of the Federal Reserve System (hereinafter, “BOG-FED”) was an independent agency of the United States Government, which, in part, oversaw the functioning of the Federal Reserve System, *i.e.*, the central bank of the United States.

a. The BOG-FED maintained offices at the following locations, at which a total of approximately one thousand seven hundred (1,700) people worked:

i. The headquarters complex, located at 20<sup>th</sup> Street and C Street, N.W., Washington, D.C. (*i.e.*, “The Eccles Building” and “the Martin Building”), adjacent to the DoS headquarters building, which housed the offices of the Chairman of the BOG-FED and other senior officials of the BOG-FED, and in

which the BOG-FED met regularly, typically bi-weekly, to discuss matters affecting the monetary policy of the United States; and,

ii. A separate office building located at 1709 New York Avenue, N.W., Washington, D.C.

b. The BOG-FED maintained a bank account at the Federal Reserve Bank of Richmond, Virginia, located at 701 East Byrd Street, Richmond, Virginia, 23219, within the Eastern District of Virginia.

c. Within the BOG-FED, the primary organizational unit having responsibility for the physical security of the above-described locations was the Security Services Section of the Management Division. Contracts, including those affecting physical security at the BOG-FED, were let by the Procurement Section of the Management Division, and invoices submitted by contractors were processed for payment by the Finance and Accounting Section of the Management Division.

d. Once such invoices were approved for payment, the Finance and Accounting Section, in Washington, D.C., would take action to have such invoices paid by, among other methods, entering the appropriate information into the “Automated Clearinghouse” network (*i.e.*, a nationwide paperless payment system), which would result, ultimately, in an electronic transmission of a payment file crediting the invoicing contractor’s bank’s “Reserve Account,” and debiting the BOG-FED account at the Federal Reserve Bank of Richmond, located in Richmond Virginia, within the Eastern District of Virginia.

16. Immediately after the events of September 11, 2001, the BOG-FED recognized an urgent need for EOD dog services at the headquarters complex, and at the New York Avenue location. Thus, a representative of the Procurement Section contacted DDADE, enquiring about such services. On October 2, 2001, defendant EBERSOLE furnished a contracting official of the BOG-FED with a written proposal regarding DDADE's provision of EOD dog services to the BOG-FED. On October 9, 2001, the BOG-FED issued a written purchase order to DDADE, number 211508, in the amount of \$62,000, for that service. On that same date, DDADE began providing EOD dog services to the BOG-FED.

17. On April 4, 2002, the BOG-FED undertook covert operational testing of the DDADE dogs and handlers working on-site, during which, on two separate occasions, three vehicles, containing fifty (50) pounds of TNT, fifty (50) pounds of trenchrite 5 dynamite, and fifteen (15) pounds of C-4, respectively, were driven to three different driveway entrances of the BOG-FED offices identified in paragraph 15, above, with the result that the DDADE EOD dog teams failed to detect the explosives, and the vehicles were permitted to enter BOG-FED parking facilities.

18. On April 30, 2002, based on the results of the operational testing referred to in the immediately preceding paragraph, the BOG-FED cancelled its contract with DDADE.

19. Ultimately, the BOG-FED approved approximately nine modifications to the original purchase order, such that, during the period October 9, 2001

through April 24, 2002, the BOG-FED paid DDADE a total of approximately \$392,103.36 for EOD dog services.

#### **IV. THE FEDERAL EMERGENCY MANAGEMENT AGENCY JOB**

20. The Federal Emergency Management Agency (hereinafter, FEMA”) was an independent agency of the United States Government, reporting to the President of the United States, and tasked with responding to, planning for, recovering from, and mitigating against, disasters.

21. FEMA maintained an office known as the “Disaster Finance Center,” located in Fauquier County, Virginia, within the Eastern District of Virginia. That office would, among other duties, process payments of claims submitted by contractors serving FEMA. In so doing, the Disaster Finance Center routinely would cause electronic communications to be sent, within FEMA’s accounting system, from that office to a FEMA office located in Washington, D.C., which would then arrange for the actual payment.

22. Immediately following the events of September 11, 2001, New York City, New York, was declared a federal disaster area by the President of the United States. Concomitantly, FEMA established its Disaster Field Office (hereinafter, “DFO”) at Pier 90, located on the Hudson River at West 50<sup>th</sup> Street and 12<sup>th</sup> Avenue, in New York City. The DFO was the on-site headquarters office for FEMA’s Federal Coordinating Officer (*i.e.*, the senior Presidentially-appointed official coordinating all federal disaster relief efforts in New York City), and other key FEMA staff. In the weeks immediately following the attacks of September

11<sup>th</sup>, the number of people working at the DFO on a daily basis reached between six hundred (600) and seven hundred (700).

23. Shortly after the September 11<sup>th</sup> attacks, a continuing flow of disaster relief equipment and supplies began to arrive by truck at the DFO. This continuing truck traffic caused FEMA security officials to recognize an urgent need for EOD dog services at the DFO and at another FEMA office site in New York City.

24. On or about September 24, 2001, in response to a request from FEMA, Search Dogs, Inc., doing business as DDADE of Maryland, provided FEMA with a preliminary rate quote regarding EOD dog services in support of FEMA's New York City operations.

25. On or about September 25, 2001, at defendant EBERSOLE's insistence, Search Dogs, Inc., doing business as DDADE of Maryland, withdrew its proposal.

26. On September 26, 2001, defendant EBERSOLE furnished a FEMA contracting official with a written proposal regarding DDADE's provision of EOD dog services to FEMA. The proposal called for DDADE to supply four (4) EOD dog and handler teams to FEMA, for a fifty-six day period, at a cost of between \$150 - \$175 per hour, for a total of approximately \$309,000.

27. On September 27, 2001, defendant EBERSOLE proposed to retain the services of Search Dogs, Inc., doing business as DDADE of Maryland, as a subcontractor to provide EOD dog services to FEMA on behalf of DDADE, at a cost of \$81.25 per hour. On that same date, Search Dogs, Inc., doing business as

DDADE of Maryland, dispatched one handler and two dogs (respectively named “Dublin” and “Bear”) to New York to provide EOD dog services to FEMA on behalf of DDADE.

28. On September 28, 2001, FEMA officials decided not to use DDADE’s services, and directed the one team referred to above to return home. FEMA agreed to pay for the travel time and costs associated with that one team’s overnight visit to New York City.

29. On September 28, 2001, without providing any EOD dog services to FEMA on behalf of DDADE, the Search Dogs, Inc. handler returned to Maryland with the two dogs, and agreed to terminate the business relationship between DDADE and Search Dogs, Inc. doing business as DDADE of Maryland. Thereafter, DDADE provided no further EOD dog services to FEMA. Ultimately, FEMA paid DDADE a total of approximately \$11,514.00 for EOD dog services.

## **V. THE INTERNAL REVENUE SERVICE CONTRACT**

30. The Internal Revenue Service (hereinafter, “the IRS”) was an agency within the United States Department of the Treasury, which administered the nation’s tax system.

31. The IRS maintained a facility, known as the “IRS Fresno Service Center,” (hereinafter, “IRS-Fresno”), located 5045 East Butler Avenue, Fresno, California, at which federal tax returns were received by mail and processed, and at which other tax-related functions were performed. During peak tax return

processing time (*i.e.*, March and April of each year), IRS-Fresno employed approximately seven thousand (7,000) people.

32. Within IRS-Fresno, the primary organizational unit having responsibility for the physical security of that location was the Security and Safety Management Section. However, in large measure, IRS-Fresno contracted for its physical security services, including uniform guard services. Such contracts were administered by an IRS organizational unit known as the “IRS Procurement Operations Branch,” located in San Francisco, California.

a. On March 31, 1999, IRS entered into a contract, number TIRWR-99-C-00001, with a business known as Worldwide Security Services, Inc., (hereinafter, “Worldwide”) for physical security services at IRS-Fresno. That contract required Worldwide to provide, *inter alia*, uniformed guard services, but did not require Worldwide to provide IRS-Fresno with EOD dog services.

33. Following the events of September 11, 2001, the IRS recognized an urgent need for EOD dog services at all IRS service centers. Thus, an IRS headquarters office developed a standard statement of work which could be used to modify existing physical security services contracts, so as to provide for EOD dog services at, among other facilities, IRS service centers. That standard statement of work addressed requirements for EOD dog handlers and EOD dogs.

a. With respect to EOD dog handlers (as to whom resumes were to be provided to IRS), that statement of work provided, in pertinent part, that the handlers:

i. have a background with a minimum of two (2) years successful experience in security (law enforcement, military service or commercial or industrial guard service) and have a minimum of two (2) years experience with canines, however, not necessarily within law enforcement; and,

ii. have completed training in such EOD dog-related matters as:

- (1) fundamentals and handling techniques for EOD dogs;
- (2) fundamentals of explosives devices; and,
- (3) protocols for explosive searches.

b. With respect to EOD dogs, that statement of work provided in pertinent part that the dogs be:

i. graduates of an accredited explosive detection training program; and,

ii. trained to meet the ATF Standard.

34. The standard statement of work further required that the prime security contractor provide IRS with evidence that the EOD dogs had passed the ATF Test, as well as a test conducted in an operational environment at the particular IRS service center in question.

35. In January 2002, IRS issued a “sources sought” notice soliciting EOD dog services, for IRS. That notice appeared, *inter alia*, on an Internet site known as “*Federal Business Opportunities*,” also known as “*FedBizOps*.” IRS also



informed Worldwide of the notice, and the latter decided to subcontract out that work.

36. On February 5, 2002, in response to the sources sought notice, DDADE, sent a written proposal to IRS to provide EOD dog services to IRS, which proposal was referred to Worldwide.

37. On March 7, 2002, IRS and Worldwide entered into a contract modification, adopting the language of the standard statement of work referred to in paragraph 33, above, under which Worldwide was required to provide EOD dog services to IRS-Fresno.

38. On March 11, 2002, Worldwide informed DDADE that it had selected DDADE as the subcontractor to provide EOD dog services to IRS-Fresno. Worldwide instructed DDADE to be ready to begin work in Fresno on March 18, 2002. Worldwide also informed DDADE that its EOD dogs and handlers would be subject to a “quality assurance check” (*i.e.*, onsite operational testing at IRS-Fresno) at the inception of the job.

39. DDADE EOD dog and handler teams began work at IRS-Fresno on or about March 18, 2002. On March 19, and again on March 25 - 26, 2002, the DDADE EOD dog and handler teams operating at IRS-Fresno were subjected to “operational performance testing” (*i.e.*, testing involving detection of various explosive odors hidden on-site at IRS-Fresno), and failed the tests.

40. On or about April 23, 2002, Worldwide and DDADE entered into a formal subcontract under the terms of which DDADE was to provide EOD dog

and handler services at IRS-Fresno, which subcontract incorporated the requirements of the standard statement of work referred to in paragraph 33, above.

41. On April 29, 2002, the DDADE EOD dog and handler teams operating at IRS-Fresno were subjected to the ATF Test, and failed.

42. On May 16, 2002, Worldwide terminated its subcontract with DDADE for nonperformance.

43. Ultimately, IRS, through Worldwide, paid DDADE a total of approximately \$92,088.92 for the EOD dog services provided by DDADE at IRS-Fresno during the period March 18 - May 24, 2002.

## **VI. THE SCHEME AND ARTIFICE**

44. From September 2001 and continuing through in or about May 24, 2002, in the Eastern District of Virginia and elsewhere, the defendant, **RUSSELL LEE EBERSOLE**, did devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, well knowing that the pretenses, representations and promises were false and fraudulent when made.

45. The goal of the scheme and artifice was, by deception, to convince the above-described government departments and agencies, and their primary physical security contractors, to hire, and continue to use, DDADE for EOD dog and handler services, and thus, to generate income for DDADE.

## **VII. MANNER AND MEANS OF THE SCHEME AND ARTIFICE**

46. It was a part of the scheme and artifice that EBERSOLE distributed copies of certain certificates which he had fabricated, and which falsely attested that he successfully had completed certain EOD dog handler training courses, to wit, “Bomb Dog Handler I,” “Bomb Dog Handler II,” and “Bomb Dog Handler Instructor,” and, relying on those false certificates, falsely held himself out to the public as having the ability to train and “certify” EOD dogs and handlers.

47. It was further a part of the scheme and artifice that, in a room referred to as the “Trophy Room” at the DDADE/Aberdeen Acres facility in Stephenson, Virginia, EBERSOLE displayed numerous trophies, plaques, awards, citations and certification documents, which referred to a former business associate with the initials “C.S.,” and which had been earned by C.S. prior to any association with DDADE/Aberdeen Acres, and which EBERSOLE displayed years after C.S. had ended his association with DDADE/Aberdeen Acres, in an effort falsely to convince the public that DDADE operated a legitimate EOD dog and handler program.

48. It was a further part of the scheme and artifice that EBERSOLE showed the “Trophy Room” to prospective customers who visited DDADE, and included photographs depicting the “Trophy Room” in DDADE promotional literature and proposals.

49. It was a further part of the scheme and artifice that, beginning on September 24, 2001, and continuing thereafter, EBERSOLE, through DDADE, knowingly supplied to the DoS, the BOG-FED, and IRS-Fresno with:

a. successive EOD dog handlers who were, variously, under-trained, not “certified” at all, or “certified” only by EBERSOLE, and who had little or no EOD training, or “tactical operations experience pertaining to the application of canine dogs in law enforcement and security industries;” and,

b. EOD dogs who were not suitable, in that they could not meet the ATF Standard, as demonstrated by the fact that they failed the ATF Test.

50. It was further a part of the scheme and artifice that, on or about September 26, 2001, in a written proposal which EBERSOLE submitted to FEMA in an effort to secure the post-September 11<sup>th</sup> work at FEMA’s DFO in New York City, New York, and in which he proposed that DDADE would supply four “fully trained and certified DDADE Detector dog teams,” EBERSOLE made the following material misrepresentations regarding DDADE, its training procedures, and the qualifications of its EOD dogs and handlers:

a. “DDADE’s handlers are experienced, seasoned K-9 patrol veterans with over twenty years of tactical operations experience pertaining to the application of canine dogs in law enforcement and security industries.”

b. “DDADE’s training procedures and certification programs have been approved and adopted by the [VADCJS].”

c. “Several of [DDADE’s] employees are Nationally certified trainers and judges with the [USPCA] and [NAPWDA,] and the [VADCJS].”

d. “Each proposed dog is currently certified using [VADCJS] approved procedures.”

e. “Each dog and handler team is certified by Aberdeen Acres K-9 Training Academy in accordance with [VADCJS] Guidelines.”

51. It was a further part of the scheme and artifice that, on or about September 27, 2001, in a written proposal which EBERSOLE submitted to Intercon in an effort to secure the post-September 11<sup>th</sup> work at the DoS, and in which he proposed that DDADE would supply one “fully trained and certified DDADE detector dog teams” (*sic*), EBERSOLE made the same material misrepresentations regarding DDADE, its training procedures, and the qualifications of its EOD dogs and handlers, as stated in the immediately preceding paragraph.

52. It was a further part of the scheme and artifice that, on or about October 2, 2001, in a written proposal which EBERSOLE submitted to the BOG-FED in an effort to secure the post-September 11<sup>th</sup> work at the BOG-FED, and in which he proposed that DDADE would supply one “fully trained and certified DDADE detector dog teams” (*sic*), EBERSOLE made the same material misrepresentations regarding DDADE, its training procedures, and the qualifications of its EOD dogs and handlers, as stated in paragraph 50, above.

53. It was a further part of the scheme and artifice that, on or about October 25, 2001, having received from Search Dogs, Inc., doing business as DDADE of Maryland, an invoice, number R-2033, to DDADE, in the amount of \$1,100.69, in connection with an overnight trip to New York City on September 27-28, 2001, EBERSOLE added an additional \$10,413.31 on to that bill, and sent a false DDADE invoice, number FEMA 2001-01, in the amount of \$11,514.00, to the FEMA Disaster Finance Office.

54. It was a further part of the scheme and artifice that EBERSOLE attached to the DDADE invoice referred to in the immediately preceding paragraph a false document entitled "Description of Services," which purported to document the following false expenses, among others, in connection with the FEMA job:

- a. health examinations for EOD dogs;
- b. costs of relocation of explosive magazines to New York City;
- c. travel time and transportation costs for a second canine handler and team to New York City;
- d. costs associated with the renting of temporary explosives magazines, storage containers and training aids; and,
- e. costs, including transportation costs, associated with a two day trip to New York City by EBERSOLE.

55. It was a further part of the scheme and artifice that, on or about November 10, 2001, at an office within the DoS Harry S Truman Building,

EBERSOLE met with representatives of DoS and Intercon, and falsely represented that his handlers were appropriately “certified.”

56. It was a further part of the scheme and artifice that, on or about February 11, 2002, EBERSOLE caused a written proposal to be submitted to Worldwide in which DDADE proposed to supply one “fully trained and certified DDADE detector dog team,” and in which were made the same material misrepresentations regarding DDADE, its training procedures, and the qualifications of its EOD dogs and handlers, as stated in paragraph 50, above.

57. It was a further part of the scheme and artifice that, on or about February 20, 2002, in a letter to a Special Agent of the FEMA Office of the Inspector General, EBERSOLE falsely stated that a FEMA purchasing agent had committed to have FEMA pay for all of DDADE’s time and expenses in connection with the FEMA job.

58. It was a further part of the scheme and artifice that, on February 26, 2002, in response to an inquiry from a contracting official at the BOG-FED, EBERSOLE used a computer to create and backdate a certain DDADE document, entitled “Handler Certification Record,” concerning a DDADE EOD dog handler with the initials “R.J.” who had worked at the BOG-FED, so as to falsely show that “R.J.” had taken and passed an EOD dog handler certification test purportedly administered by EBERSOLE on January 17, 2002.

59. It was a further part of the scheme and artifice that, on or about February 28, 2002, EBERSOLE provided the BOG-FED contracting official

referred to in the immediately preceding paragraph with a “three ring” binder entitled “Handler Certification Records,” which contained, among other materials:

- a. copies of EBERSOLE’s false certificates referred to in paragraph 46, above;

- b. a copy of a training course outline, entitled “Basic Bomb Detector Dog Training,” which suggested, falsely, that DDADE EOD dog handlers underwent a structured training program, which exceeded three hundred (300) hours in length; and,

- c. copies of various DDADE “Handler Certification Records,” including the false Handler Certification Record concerning “R.J.,” referred to in the immediately preceding paragraph.

60. It was a further part of the scheme and artifice that, on or about March 10, 2002, in response to a request from Worldwide for additional information regarding the EOD dogs and handlers to be assigned by DDADE to work at IRS-Fresno, EBERSOLE:

- a. used a computer to create and backdate certain DDADE documents entitled “Initial Odor Recognition Proficiency Test,” and “Annual Odor Recognition Proficiency Test,” regarding three EOD dogs, named “Woody,” “Rocky,” and “Sho Shien,” respectively, which purported to show that the dogs had passed DDADE-administered ATF Tests;

- b. caused the resumes of two DDADE EOD dog handlers with the initials “A.S.” and “C.S.,” respectively, who were to be assigned to IRS-Fresno to



be falsified, so as to suggest that those handlers were either “certified” or had prior canine work experience; and,

c. drafted a narrative response to several questions which had been posed by Worldwide, in which response EBERSOLE misrepresented the scope of training which DDADE EOD dog handlers received.

61. It was a further part of the scheme and artifice that, on or about March 11, 2002, EBERSOLE caused another DDADE employee to provide the materials described in the immediately preceding paragraph to Worldwide, in an effort to receive the subcontract to provide EOD dog services at IRS-Fresno.

62. It was a further part of the scheme and artifice that, on or about March 15, 2002, in a memorandum to a Special Agent of the FEMA Office of the Inspector General, EBERSOLE provided false details to support his billing to FEMA, including:

a. a false document purporting to have been issued from a business known as “Pet Care Services,” to DDADE, entitled “Invoice for Services,” purporting to document costs associated with health examinations administered on September 26, 2001 to three canines: Dublin, Bear and Rocky;

b. a false document appearing to have been issued from Aberdeen Acres entitled “Invoice for Materials,” purporting to document costs associated with the relocation of five explosive magazines to New York City, and a related false explanation as to those costs; and,

c. a false explanation of vehicle mileage costs associated with a purported trip by EBERSOLE to New York City.

63. It was a further part of the scheme and artifice that, on or about April 14 and 15, 2002, after federal agents had interviewed some of the DDADE handlers, EBERSOLE used a computer to create and backdate numerous versions of DDADE's "Initial Odor Recognition Proficiency Test," and "Annual Odor Recognition Proficiency Test," regarding such DDADE EOD dogs as: "Dublin," "Hunter," "Ivan," "Bear," "Inga," "Josie," "Peace," "Molly Brown," "Sadie," "Sable" and "Sho Shien."

64. It was a further part of the scheme and artifice that, on April 22, 2002, at the Harry S Truman Building of the DoS, in Washington, D.C., EBERSOLE directed DDADE EOD dog handlers to misrepresent the amount of time they had spent in EOD dog handler training on forms which the handlers were to complete and provide to DoS security personnel.

65. It was a further part of the scheme and artifice that, on or about April 29, 2002, EBERSOLE directed another DDADE employee to assemble the following two "three ring" binders:

a. a binder entitled "Handler Certifications," which contained, among other DDADE documents, false "Handler Certification Records" for DDADE handlers with the initials "A.S.," and "R.J.," and,

b. a binder entitled "Detector Dog Certifications," which contained, among other DDADE documents, copies of false "Initial Odor Recognition

Proficiency Test,” and/or “Annual Odor Recognition Proficiency Test” forms for the DDADE dogs referred in paragraph 63, above.

66. It was a further part of the scheme and artifice that, on or about May 1, 2002, at an office within the DoS Harry S Truman Building, EBERSOLE met with representatives of DoS and Intercon and falsely represented that DDADE’s EOD dogs and handlers were appropriately “certified.”

67. It was a further part of the scheme and artifice that, on or about May 2, 2002, EBERSOLE delivered the two binders referred to in paragraph 65, above, to a representative of Intercon.

#### **VIII. USE OF THE INTERSTATE WIRE SYSTEM**

68. On or about the below-listed dates, within the Eastern District of Virginia and elsewhere, for the purpose of executing the above-described scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, EBERSOLE knowingly transmitted and willfully caused to be transmitted by means of wire communications in interstate commerce, certain writings, signs, signals, pictures and sounds, to wit, electronic communications, as set forth in detail below:

<b>Count</b>	<b>Date</b>	<b>Agency/ Contractor</b>	<b>To</b>	<b>From</b>
1	11/15/01	BOG-FED	Richmond, VA	Washington, D.C.
2	11/20/01	FEMA	Washington, D.C.	Fauquier County, VA
3	11/21/01	BOG-FED	Richmond, VA	Washington, D.C.
4	12/13/01	BOG-FED	Richmond, VA	Washington, D.C.

<b>Count</b>	<b>Date</b>	<b>Agency/ Contractor</b>	<b>To</b>	<b>From</b>
5	12/17/01	DoS	Kansas City, MO	Arlington, VA
6	12/26/01	BOG-FED	Richmond, VA	Washington, D.C.
7	01/02/02	DoS	Kansas City, MO	Arlington, VA
8	01/16/02	DoS	Kansas City, MO	Arlington, VA
9	01/23/02	BOG-FED	Richmond, VA	Washington, D.C.
10	01/24/02	BOG-FED	Richmond, VA	Washington, D.C.
11	01/30/02	DoS	Kansas City, MO	Arlington, VA
12	02/01/02	DoS	Kansas City, MO	Arlington, VA
13	02/13/02	DoS	Kansas City, MO	Arlington, VA
14	02/14/02	BOG-FED	Richmond, VA	Washington, D.C.
15	02/27/02	DoS	Kansas City, MO	Arlington, VA
16	03/04/02	BOG-FED	Richmond, VA	Washington, D.C.
17	03/13/02	DoS	Kansas City, MO	Arlington, VA
18	03/20/02	BOG-FED	Richmond, VA	Washington, D.C.
19	03/27/02	DoS	Kansas City, MO	Arlington, VA
20	04/10/02	DoS	Kansas City, MO	Arlington, VA
21	04/10/02	BOG-FED	Richmond, VA	Washington, D.C.
22	04/23/02	Worldwide	Chicago, IL	Richmond, VA
23	04/24/02	DoS	Kansas City, MO	Arlington, VA
24	05/08/02	DoS	Kansas City, MO	Arlington, VA
25	05/22/02	DoS	Kansas City, MO	Arlington, VA
26	06/05/02	DoS	Kansas City, MO	Arlington, VA

(All in violation of Title 18, United States Code, Sections 1343 and 2.)

**COUNTS 27 - 28**

(False Claims)

THE GRAND JURY FURTHER CHARGES THAT:

1. The contents of paragraphs 1-3, 5-8, 12-13 and 20-29 of Count 1 of this Indictment are realleged and incorporated herein by reference, as if set forth in full.

2. On or about the dates specified below, in the Eastern District of Virginia and elsewhere, the defendant, **RUSSELL LEE EBERSOLE**, made and presented to a department and agency of the United States government, as specified below, a claim upon and against the United States, well knowing such claim to have been false, fictitious and fraudulent:

Count	Date Claim Submitted	Department/Agency to Which Claim Submitted	Invoice No.	Amount of Claim
27	10/25/01	FEMA	DDADE FEMA 2001-01	\$11,514.00
28	11/21/01	DoS	Intercon 005C	\$49,830.00

(In violation of Title 18, United States Code, Sections 287 and 2.)

A TRUE BILL:

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FOREPERSON OF THE GRAND JURY

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PAUL J. McNULTY  
UNITED STATES ATTORNEY

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Justin W. Williams  
Assistant United States Attorney  
Chief, Criminal Division

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Thomas H. McQuillan  
Assistant United States Attorney  
Virginia State Bar No. 27108